



After Increasing its Dividend Last Week, This Canadian Stock Now Yields Over 7%!

Description

There aren't too many Canadian stocks that are left to recover significantly from the pandemic. However, **Boston Pizza Royalties Income Fund** ([TSX:BPF.UN](#)) is a Canadian dividend stock that investors have waited a long time to see recover.

And while the fund is not slated to report its earnings for the third quarter until mid-November, last week we got an early indication that Boston Pizza saw a significant boost to sales through the summer, as the fund [raised its payout](#) to investors by over 30%.

I began recommending that investors consider Boston Pizza stock [back in June](#), as pandemic restrictions were being lifted after the third wave and summer weather was allowing restaurants across Canada to reopen their patio settings. However, there was still a tonne of uncertainty about how Boston Pizza and the rest of the restaurant industry would be able to recover through the summer.

Given that Boston Pizza is a royalty fund that's essentially made for [dividend investors](#) and generally targets a payout ratio of almost 100%, it's safe to say that this dividend increase indicates a significant recovery in its business. And going forward, with much of the country fully vaccinated and a lot fewer restrictions heading into the winter, the company should be able to keep up with its recovery in sales.

Boston Pizza: A top Canadian dividend stock

Boston Pizza is one of Canada's most popular casual restaurant and dining chains and an excellent long-term investment, especially for dividend investors. Plus, Boston Pizza's business is relatively straightforward, making it an easy stock for all investors to understand.

The fund receives a royalty from all the restaurants in its royalty pool that are located across Canada. So as the aggregate level of sales across these restaurants rises, so too does the fund's revenue. Receiving a royalty on sales is ideal because the level of sales is generally consistent from quarter to quarter. However, the pandemic obviously impacted the Canadian dividend stock considerably.

As of the second quarter, which ended in June, the most recent numbers we have, Boston Pizza was seeing revenue that was only about 60% of what it was prior to the pandemic. So it's no surprise that Boston Pizza's dividend payout was roughly 55% of what it was before the pandemic.

Now, though, with a 30% increase in its dividend, the Canadian stock's annual dividend rate is \$1.02, which is roughly 75% of what it was before the pandemic. This is promising for a couple of reasons. First, it shows what investors have long been expecting, namely, that Boston Pizza's business is recovering well. However, it also shows that the stock still has even more recovery potential.

Bottom line

With the Canadian dividend stock currently offering a yield of roughly 7.1%, it's clearly offering value today. Because as Boston Pizza's business continues to recover over the next few quarters, not only will there be upside potential in the stock price, but also the potential for more dividend increases.

So if you're looking for a top Canadian dividend stock to buy today, Boston Pizza is a high-yield dividend stock offering investors a significant opportunity.

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